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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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27171

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EXAMINER

POE, KEVIN T

ART UNIT

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/666,979	<b>Applicant(s)</b> FRIEDMAN ET AL.	
	<b>Examiner</b> KEVIN POE	<b>Art Unit</b> 3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 03 October 2008.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-25 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-25 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

### DETAILED ACTION

1. This office action is in response to applicant's communication of October 3, 2008. Original claims 1-25 are pending and have been examined. The rejections are stated below.

#### ***Claim Rejections - 35 USC § 101***

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 1-25 are rejected under 35 U.S.C. 101 because the claimed invention is directed to nonstatutory subject matter. Based on Supreme Court precedent, a method/process claim must (1) be tied to another statutory class of invention (such as a particular apparatus) (see at least *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing (see at least *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972)). A method/process claim that fails to meet one of the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for patent eligible subject matter. Here claims 1-25 fail to meet the above requirements because the claims fail to tie in another statutory class of invention.

***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. **Claims 1-3, 5-8, 9-16, 18, and claim 20-22** are rejected under 35 U.S.C. 103(a) as being unpatentable over **Himmelstein US Pub. No. 2008/0071667 A1** in view of **Rudkin [US Pub No. 2004/0199449 A1]** and further in view of **Bell [US Pub No. 2006/0155621 A1]**

6. Regarding **claim 1**, Himmelstein discloses a method for transfer of previously issued employee stock options without exercise of the stock options, the method comprising: providing a plurality of option value prices (0041); receiving an employee stock option from an employee holding the employee stock option corresponding to the particular one of the plurality of option value prices without exercising the employee stock option; providing a value to the employee corresponding to the particular one of the plurality of option value prices in exchange for receiving the employee stock option from the employee; transferring the amended stock option to a third party without exercising the amended stock option; and receiving a value from the third party

Art Unit: 3693

corresponding to the amended stock option in exchange for transferring the amended stock option to the third party (Claims 29 and 37).

Himmeltstein does not explicitly disclose determining a stock trading price corresponding to a particular one of the plurality of option value prices. However Rudkin teaches determining a stock trading price corresponding to a particular one of the plurality of option value prices (0037). At the time of the invention one would have been motivated to modify the disclosure of Himmelstein to include the teachings of Rudkin to obtain invention as specified in claim 1. The rationale to combine the teachings would be to determine the value and optimal exercise of employee stock options.

Himmelstein does not explicitly disclose amending the employee stock option without exercising the employee stock option. However Bell discloses due to the significant value of the stock options or LTIP after being exercised and the fact that the ownership of the Employer will change after the stock issuance, the Employer may desire to modify the terms of the Plan ("Modified Plan") to enable the Employer to take certain actions with regard to the outstanding, but unexercised, stock options, as well as other benefits. (Bell 0033). At the time of the invention it would have been obvious to one of ordinary skill in the art to modify the disclosure of Himmelstein to include the teachings of Bell to obtain invention as specified in claim 1. The rationale to combine the teachings would be for implementing a deferred compensation program.

Art Unit: 3693

7. Regarding **claim 2**, Rudkin discloses providing a plurality of option value prices uses an option pricing formula (Rudkin 0009).

8. Regarding **claim 3**, Rudkin discloses wherein the option pricing formula is selected from the group consisting of Black-Scholes, binomial and trinomial methods (Rudkin 0009).

9. Regarding **claim 5**, Rudkin discloses determining a stock trading price further comprises determining an average stock trading price over a predetermined period of time (Rudkin 0110).

10. Regarding **claim 6**, Himmelstein discloses providing a value further comprises: providing a first value to an employee; and providing a second value to the employee, wherein the first and second values are provided at different times (Claims 29 and 37).

11. Regarding **claim 7**, Rudkin discloses determining an investment value corresponding to the second value; and providing the investment value to the employee with the second value (Rudkin 0049).

12. Regarding **claim 8**, Bell discloses wherein amending the employee stock option comprises: amending the maturity; amending the number of shares per option; amending the dilution protection; or amending the dividend protection (Bell 0033).

13. Regarding **claim 9**, Rudkin discloses further comprising registering an offering of securities underlying the employee stock option (0039).

13. Regarding **claim 10**, Himmelstein discloses further comprising issuing the employee stock option to the employee prior to receiving the employee stock option from the employee (Claim 29 and 37).

14. Regarding **claim 11**, Bell discloses further comprising hedging the amended stock option without exercising the amended stock option (Bell 0033).

15. Regarding **claim 12**, Bell discloses wherein hedging the amended stock option includes short selling of securities and/or futures contracts (Bell 0033).

16. Regarding **claim 13**, Bell discloses wherein hedging the amended stock option includes buying and selling securities that underlie the amended stock option (Bell 0033).

17. Regarding **claim 14**, Bell discloses wherein hedging the employee stock option includes buying and selling of securities that underlie the employee stock option to rebalance the hedge position (Bell 0033).

Art Unit: 3693

18. Regarding **claim 15**, Himmelstein discloses an issuer of the employee stock option receives the employee stock option and provides the value to the employee (Claim 29).

19. Regarding **claim 16**, Himmelstein does not explicitly disclose wherein an issuer of the employee stock option amends the employee stock option without exercising the employee stock option transfers the amended stock option without exercising the amended stock option and receives the value. However Bell discloses due to the significant value of the stock options or LTIP after being exercised and the fact that the ownership of the Employer will change after the stock issuance, the Employer may desire to modify the terms of the Plan ("Modified Plan") to enable the Employer to take certain actions with regard to the outstanding, but unexercised, stock options, as well as other benefits. (Bell 0033). At the time of the invention it would have been obvious to one of ordinary skill in the art to modify the disclosure of Himmelstein to include the teachings of Bell to obtain invention as specified in claim 16. The rationale to combine the teachings would be for implementing a deferred compensation program.

20. Regarding **claims 18 and 20-22**, each of these claims recite similar language as to claim 1 and is rejected on the same grounds.

21. **Claims 4, 17, 19, and 23-25** are rejected under 35 U.S.C. 103(a) as being unpatentable over **Himmelstein US Pub. No. 2008/0071667 A1** in view of **Rudkin [US**



Art Unit: 3693

**Pub No. 2004/0199449 A1]** and **Bell [US Pub No. 2006/0155621 A1]** and further in view of **Cohen et al. [US Pub No. 2002/0116310 A1]**.

21. Regarding **claim 4**, Himmelstein does not explicitly disclose providing a plurality of option value prices provides the plurality of prices in an option-price grid. However Cohen et al. discloses the portfolio grid and toolbar 900, 1000, 1100 has rows and columns which contain all the above referenced data, including real-time stock and option prices. (Cohen 0031)

At the time of the invention it would have been obvious to one of ordinary skill in the art to modify the disclosure of Himmelstein to include the teachings of Cohen et al. to obtain invention as specified in claim 4. The rationale to combine the teachings would be to allow investors to perform an automated comparative analysis of a limitless number of investment opportunities.

22. Regarding **claim 17**, Himmelstein discloses a method for transfer of previously issued employee stock options without exercise of the stock options, the method comprising: receiving an employee stock option from an employee holding the employee stock option without exercise of the employee stock option, the employee stock option corresponding to the particular one of the plurality of option value prices; in exchange for receiving the employee stock option, providing a first value, a second value and an investment value to the employee, the first and second values corresponding to the particular one of the plurality of option value prices, the first value

Art Unit: 3693

provided to the employee at a first time, the second value and the investment value provided to the employee at a second time; transferring the amended stock option to a third party; and receiving a value from the third party in exchange for transfer of the amended stock option. (Claims 29 and 37).

Himmelstein does not explicitly disclose using an option price formula to provide a plurality of option value prices arranged in an option-price grid. However Cohen teaches using an option price formula to provide a plurality of option value prices arranged in an option-price grid (Cohen 0031). At the time of the invention it would have been obvious to one of ordinary skill in the art to modify the disclosure of Himmelstein to include the teachings of Cohen et al. to obtain invention as specified in claim 17. The rationale to combine the teachings would be to allow investors to perform an automated comparative analysis of a limitless number of investment opportunities.

Himmelstein does not explicitly disclose amending the employee stock option to modify: terms of the maturity; terms of the number of shares per option; terms of the dilution protection; or terms of the dividend protection. However Bell teaches amending the employee stock option to modify: terms of the maturity; terms of the number of shares per option; terms of the dilution protection; or terms of the dividend protection (0033). At the time of the invention it would have been obvious to one of ordinary skill in the art to modify the disclosure of Himmelstein to include the teachings of Bell to obtain invention as specified in claim 17. The rationale to combine the teachings would be for implementing a deferred compensation program.

23. Regarding **claims 19 and 23-25**, each of these claims recite similar language as to claim 1 and are rejected on the same grounds.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to KEVIN POE whose telephone number is (571)272-9789. The examiner can normally be reached on Monday-Friday 9:30am - 6:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/  
Supervisory Patent Examiner, Art Unit 3693

ktp